The Saskatchewan Housing Corporation was formed in 1973 to provide quality housing to low income seniors and families, and to meet the wide variety of housing needs of the residents of Saskatchewan. The Corporation addresses these needs through independent provincial programs which meet the unique circumstances in the province, and through the shared funding and delivery of programs in conjunction with Canada Mortgage and Housing Corporation.

To meet the diversity of housing requirements for the people of Saskatchewan, the Saskatchewan Housing Corporation delivers various types of programs. The Corporation offers grants for home repair for senior citizens and families. It directly delivers subsidized housing units and provides grants to assist in the construction of homes by individuals, non-profit organizations and the private sector. Other measures, such as land development, facilitate housing production in the many municipalities within the province.

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# LETTER OF TRANSMITTAL

Regina, Saskatchewan
April 18, 1986

To His Honour,
The Honourable Frederick W. Johnson
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Housing Corporation for the period January 1st to December 31st, 1985, including financial statements for the year duly certified by the Provincial Auditor and in a form approved by the Treasury Board, all in accordance with The Saskatchewan Housing Corporation Act.

I have the honour to be, Sir

Your obedient servant.

Gordon Dirks
Minister Responsible for
Saskatchewan Housing Corporation

# MINISTER'S STATEMENT

*THE* forward direction of the Saskatchewan Housing Corporation is one that I take great pride in. As Minister responsible for the Saskatchewan Housing Corporation, I feel confident that our programs are responsive to the needs of the people of this province. The open line of communication between the Corporation, the federal government, the private sector and the citizens of Saskatchewan, has allowed us to work in partnership to build a solid foundation for the future.

During 1985, our heritage year, the Corporation continued to deliver its wide range of services, particularly to senior citizens.

This commitment is reflected in the delivery of 1,392 new units across Saskatchewan. Together with substantial home improvement grants, we have succeeded in improving the quality of life for many of our citizens.

Our responsive approach is evident in the 339 additional enriched housing units delivered during 1985. This form of housing allows seniors to maintain their independence while enjoying various government and community support services.

The Corporation provided the technical and financial assistance in the commitment of 565 special care beds throughout the province. In Saskatchewan, we enjoy a high rate of volunteerism. Our non-profit program speaks to the needs of those community groups who wish to provide long term projects for the elderly. I am pleased to report that 309 units were committed in 1985.

1985 saw the continuation of the senior citizens home repair program. Since the program's inception, $19,134,266 have been committed to 22,384 senior citizen households. Over 70% of our seniors are being reached with assistance from these impressive programs.

The Corporation continues to expand on the provision of rental accommodation for low income families. This program enables families to maintain an affordable level of housing.

New group homes have been established to better meet the needs of the mentally and physically disabled. As well, the Corporation continues to provide the home modification program to promote independent living for the disabled.

Innovation in housing delivery is illustrated by our elder suite and northern log housing programs. We are constantly striving to find new ways to better serve the people of Saskatchewan.

Building on Excellence is the theme of this year's annual report. There is no better example of this than the professionalism and dedication shown by the local Housing Authority Volunteer Directors, their staff, the Saskatchewan Housing Corporation Board of Directors, the Corporation's Management and Staff.

As I look forward to 1986, I see initiatives on school conversion for senior citizen housing, more optimum use of our housing stock, development of alternative mortgage vehicles and a fine tuning of rehabilitation programs. Looking at our achievements, I have every confidence that the Saskatchewan Housing Corporation will remain a leader in housing innovation in Canada.

Gordon Dirks
Minister
Saskatchewan Housing Corporation

# PRESIDENT'S MESSAGE

*WITH* direct involvement in capital construction activity of $90 million and responsibility for over $140 million in operating and subsidy budgets in 1986, the Saskatchewan Housing Corporation's mandate ranges from the provision of housing for senior citizens to the disabled, families and special needs groups all across the Province.

At the Saskatchewan Housing Corporation, the men and women who comprise the staff of the Corporation have forged another successful year of operation.

Virtually all sectors of the Corporation reflect a dramatic improvement in their operating performance for 1985.

To this end, the Corporation will be forwarding a payment to the Consolidated Fund in 1986 of $6.1 million, consisting of net income earned on operations and the sale of surplus Staff Housing units. This improved financial performance has been achieved while reducing the net administration costs to the Province by more than 10%.

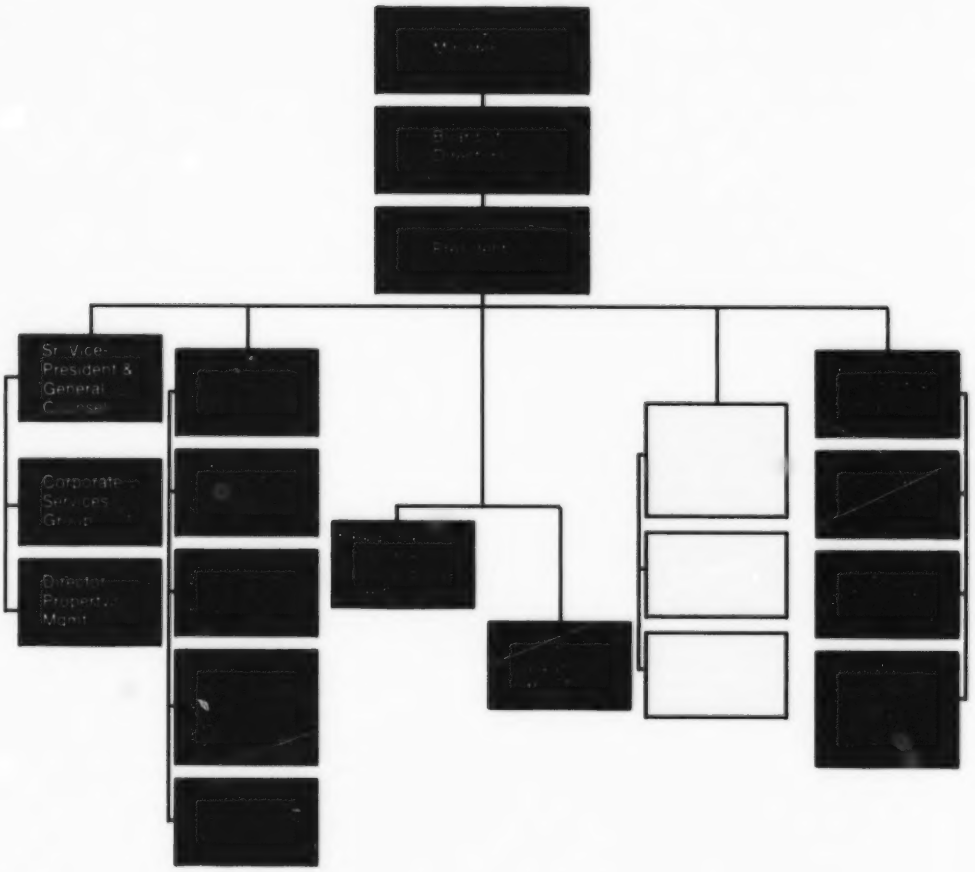
The dramatic cost overruns which plagued our non-profit portfolio, the substantial land write-offs and the heavy arrears in rural housing have all been areas where efficiencies have been achieved. The commitment of our staff for improved service to the public and at the same time to the financial integrity and efficiency of the Corporation is one which merits special acknowledgement.

The Corporation has emerged as an innovator and a creative instrument of government housing policy. The increased attention to professionalism and a more business style of operation has not been accomplished without the tremendous support and co-operation of the Federal Government's Housing agency, Canada Mortgage and Housing Corporation, the Province's 254 local Housing Authorities, the various municipal governments and other related Provincial agencies.

But most of all, I am sure that I express on behalf of the staff of Saskatchewan Housing Corporation, our profound thanks to the people of this Province who provide us with our sense of mission and through whose initiative, these successes are realized. It is on this foundation that we are "Building on Excellence".

Calder Hart
President
Saskatchewan Housing Corporation

## ORGANIZATIONAL CHART



# 1985 PROGRAM ACTIVITY

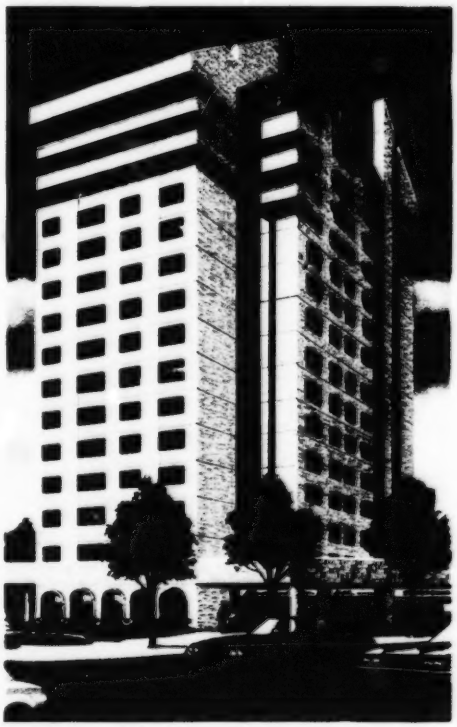
*IN* 1985, the Saskatchewan Housing Corporation continued to ensure the effective delivery of programs to assist lower income households with their shelter requirements. The main emphasis of the assistance was directed toward senior citizens with fixed incomes and special economic circumstances. This assistance took the form of home repair grants to elderly home owners, nursing homes and rental housing construction.

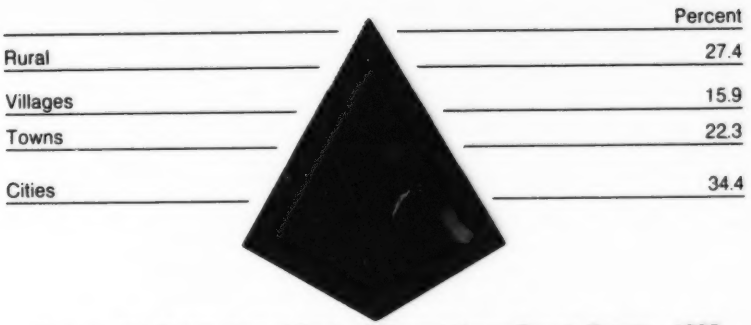
The Senior Citizens' Home Repair Program, providing grants of up to $1,000, continued to meet with an enthusiastic response. The Corporation approved applications from 10,160 senior citizens for needed repairs to their dwellings. The province committed $8.2 million through this program in 1985. The pioneers of our province benefited from the commitment of 339 Enriched Housing units. These self-contained units, under one roof, facilitate the delivery of special services to the elderly. In order to complete the continuum of services and provide the special care needed by the elderly, the province delivered 565 nursing home units in 1985.

In 1985, the Corporation assisted more than 150 disabled people to make their home environment more comfortable. Lower income family home owners have benefited from two home repair programs: Rural Rehabilitation Assistance and Residential Rehabilitation. Together these two programs assisted over 900 families with essential repairs to their dwellings.

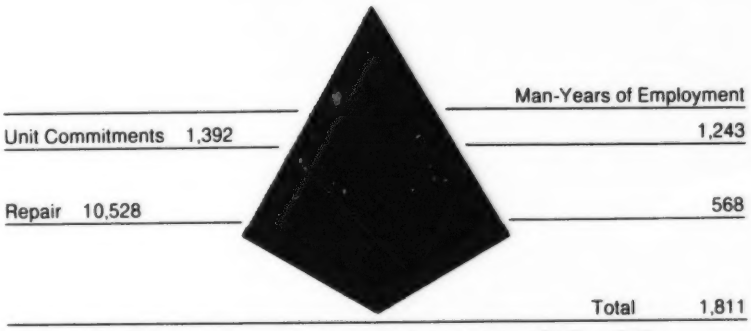
The Saskatchewan Housing Corporation committed 1,392 new housing units in 1985. These commitments support over 1,200 person-years of direct employment in the residential construction industry. This activity is well represented in both urban and rural communities.

The continued high level of activity in renovation and unit construction provides substantive economic benefits to the residents of Saskatchewan. New initiatives, Elder Suites, Log Housing and a provincially funded non-profit seniors' program reinforce the Corporation's commitment to effectively meet the housing needs of the people of Saskatchewan.

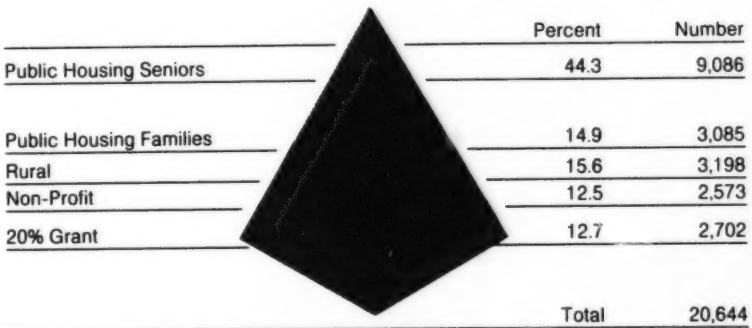





Geographic Distribution of Senior Citizens' Home Repair Grants - 1985




Total Saskatchewan Employment Supported by SHC - 1985




SHC Housing Portfolio - December 1985

# SENIORS HOUSING

**THE** number of elderly persons is continually increasing in Saskatchewan. Through dialogue with seniors, the Saskatchewan Housing Corporation creates and expands programs designed to improve the quality of life for senior citizens across the province.

The Corporation encourages the independent life style of the senior through programs such as the Senior Citizens Home Repair Program and the Enriched Housing Program. The Senior Citizens Home Repair Program has assisted 57% of the province's eligible senior homeowners since it began in 1984. In 1985, 10,160 seniors received grants for necessary home repairs which allowed them to continue living in their own homes.

The enriched housing concept is a housing form that promotes the independent life style of the senior citizen. The success of these projects is a result of a diverse group of people working together to meet the needs of the seniors of Saskatchewan.

Enriched Housing provides totally self-contained units. Various programs and services are provided by government and volunteer groups. These services vary from community to community, depending on availability and the needs of the residents.

During 1985 the Enriched Housing Program was expanded by the Saskatchewan Housing Corporation. This program, which was created in 1984, proved to be well received by the communities and seniors of our province.

In 1985, the Saskatchewan Housing Corporation committed 339 enriched units in 21 communities across the province. This brings the total number of enriched units to 616.

The Corporation maintains its commitment to seniors who require full-time care. In 1985, 565 special care beds were committed throughout the province. This brings the total number of special care units to 9,254.

By communicating with seniors and working together with the communities and other agencies, the Saskatchewan Housing Corporation continues to respond to the needs of our senior citizens.

### *Enriched Housing Projects*

| Centre | Units |
|---|---|
| Alameda | 6 |
| Balcarres | 10 |
| Battleford | 16 |
| Carievale | 4 |
| Carnduff | 10 |
| Creighton | 10 |
| Denare Beach | 6 |
| Eston | 12 |
| Ituna | 10 |
| Kelliher | 6 |
| Lemberg | 6 |
| Lipton | 6 |
| MacDowall | 4 |
| Maryfield | 6 |
| Medstead | 6 |
| Moosomin | 16 |
| Neudorf | 12 |
| North Battleford | 45 |
| Regina | 110 |
| Regina Beach | 10 |
| Stockholm | 6 |
| St. Walburg | 10 |
| Wynyard | 12 |
| | 339 |

## C O M M U N I C A T I O N

***THE*** Saskatchewan Housing Corporation believes effective communication with the people of this province is an essential part of the Corporation's responsibility. In 1985 a number of bulletins, reports and newsletters were released to inform the public of the various programs and research available to them.

"Housing Demand in Saskatchewan" was the first in a series of technical reports that dealt with pertinent issues affecting the housing market. By the release of this forecast for annual housing demand, the Corporation continued its ongoing effort to assist the provincial housing industry, housing agencies and other interested groups.

"Housing in Saskatchewan - A Strategy For Progress" is a report which clearly outlines the objectives of the Corporation to the public it serves. Direction, long-term requirements and provincial housing strategy are detailed in this document.

Co-operation and professionalism in the workplace have been the foundation for the success of the Saskatchewan Housing Corporation. With this theme in mind, "Building on Excellence" was released. This report outlines the corporate plan and goals of the Corporation while focusing on the breakdown of responsibility within departments. The effectiveness of this strategy is evident in the accomplishments of the Saskatchewan Housing Corporation.

The "Housing Authority Progress" newsletter was established in 1985 as a vital communications link to all housing authorities and non-profit housing groups in the province. Special interest topics include the Seniors' Forum '85, the Pilot Cash Management Project, the Public Housing Tenant Survey and Housing Authority Board Recognition. With a circulation of over 2500, the first two issues were well received. Future issues are being planned for release every three months.

"Housing in Saskatchewan" is a monthly bulletin directed to the construction industry in Saskatchewan. These reports share data and projections gathered through the Corporation's resources. Through this medium, provincial building starts, upcoming Corporation tenders and other subjects of topical interest are provided.

1985 saw a number of projects constructed as a result of our various programs. To highlight these projects, participants from the Saskatchewan Housing Corporation attended sod turnings and official openings in various communities.

These ceremonies were also attended by federal, provincial and municipal representatives, as well as local community residents.

In 1986, the direct line of communication between the Corporation, the construction industry, provincial housing authorities, and the people of Saskatchewan will continue to be a priority.

Lampman Community
Health Centre
·27 Bed Integrated Facility
·28 Person-Years of Construction Emp
·Local Sponsor
ampman Union Hosp
Distric
artnership for
gress

# INDIAN AND NATIVE HOUSING

*IN* 1985, the Saskatchewan Housing Corporation endeavoured to increase the role of northern housing authorities. As a result of this, northern housing authorities now assume the same level of responsibility as their counterparts in southern Saskatchewan.

This step recognizes the advantage of having the management of rental accommodation in the same community in which they are located. It also allows the Corporation to meet the recognized need for northern rental accommodation. During 1985, the Corporation committed 44 rental units in six communities.

The Saskatchewan Housing Corporation has promoted opportunities for northern contractors to successfully compete for construction contracts. The Corporation is now tendering projects in a smaller number of units while reducing bonding requirements. These changes will provide the northern native people with increased opportunity for employment and will ensure a healthy northern construction industry.

Costly sources of home heating had created problems for some northerners. As a result of these concerns, the Wood Stove Program was introduced. This program assists those homeowners in installing wood stoves.

### *Log Housing*

In 1985, the Saskatchewan Housing Corporation responded to northern requests for an alternative form of housing. The Log Housing Program was created after extensive communication with northern native people.

The difficulty in obtaining mortgage financing and the high cost of conventional housing which did not necessarily meet the life style needs, were all concerns that were expressed to the Corporation by northern people.

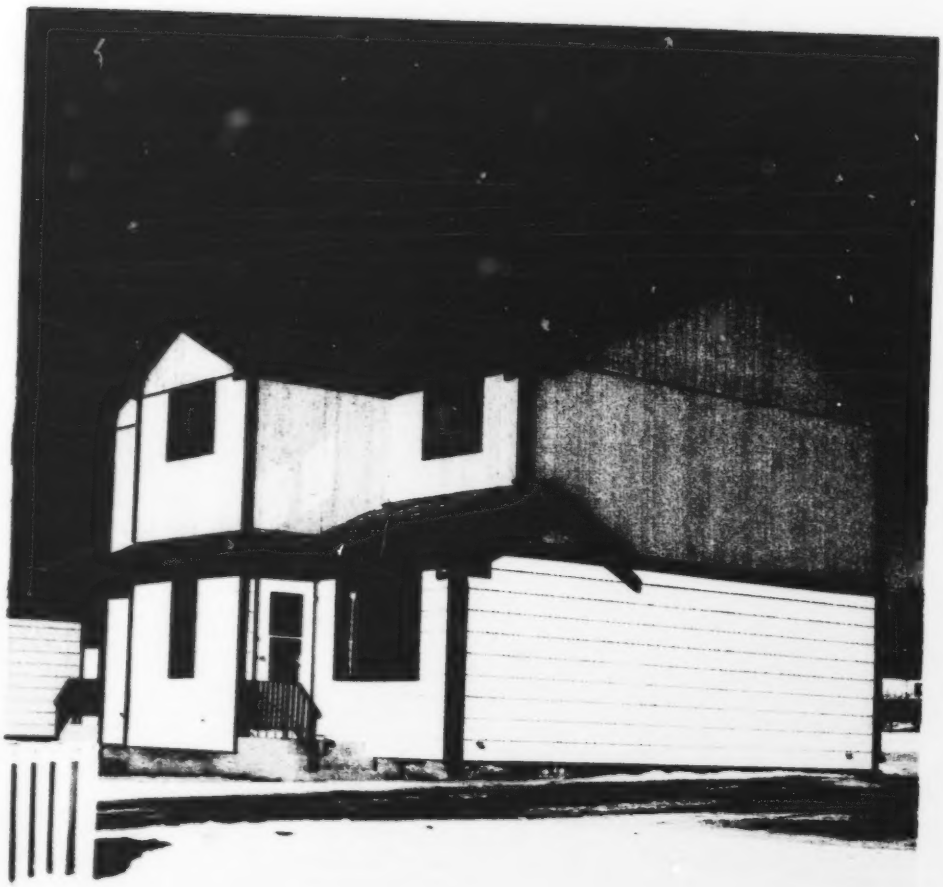
To recognize individual initiative and an identified need, the Corporation developed a pilot project to provide mortgage financing for 10 units of log housing in 1985. The Corporation will provide a maximum mortgage amount of $20,000 with a ten year amortization period. The local community will be involved in developing and monitoring construction standards, as well as advancing mortgage funds as work is progressively completed.

### *Family Rental*

| | |
|---|---|
| Buffalo Narrows | 6 |
| La Loche | 6 |
| Ile a La Crosse | 6 |
| Creighton | 6 |
| Beauval | 4 |

### *Seniors Rental*

| | |
|---|---|
| Creighton | 10 |
| Denare Beach | 6 |



## *HOME IMPROVEMENT AND LAND OPERATIONS*

*IN* 1985, the Corporation amalgamated the Loans and Grants Department with the Real Estate Department to form the larger division of Home Improvement and Land Operations. This new division was able to share its related resources and expertise to achieve administrative savings while improving its service to the public. The Home Improvement programs were decentralized to provide full service delivery in Prince Albert, Saskatoon and Regina. Because most municipalities administer their own particular land assemblies, land operations have remained the responsibility of the Regina Office.

1985 has been a dynamic year for both change and activity. A main objective was to increase efficiency in documentation and loan approval. Special efforts have been made by the staff to increase their productivity through increased computer utilization and communication with the public.

### *Senior Citizen Home Repair Program*

Since its initiation in August of 1984, the Corporation has committed 22,384 grants, totalling $19,134,266.

Streamlining of administrative procedures, together with a computerized processing system, enables the Corporation to receive the application and issue grant approval in less than 3 days.

Realizing the importance seniors place on payment of their bills, a policy of issuing cheques upon notification of completed work has been implemented. Our inspectors are then able to personally provide the grant payment while conducting the final inspection in the senior's home.

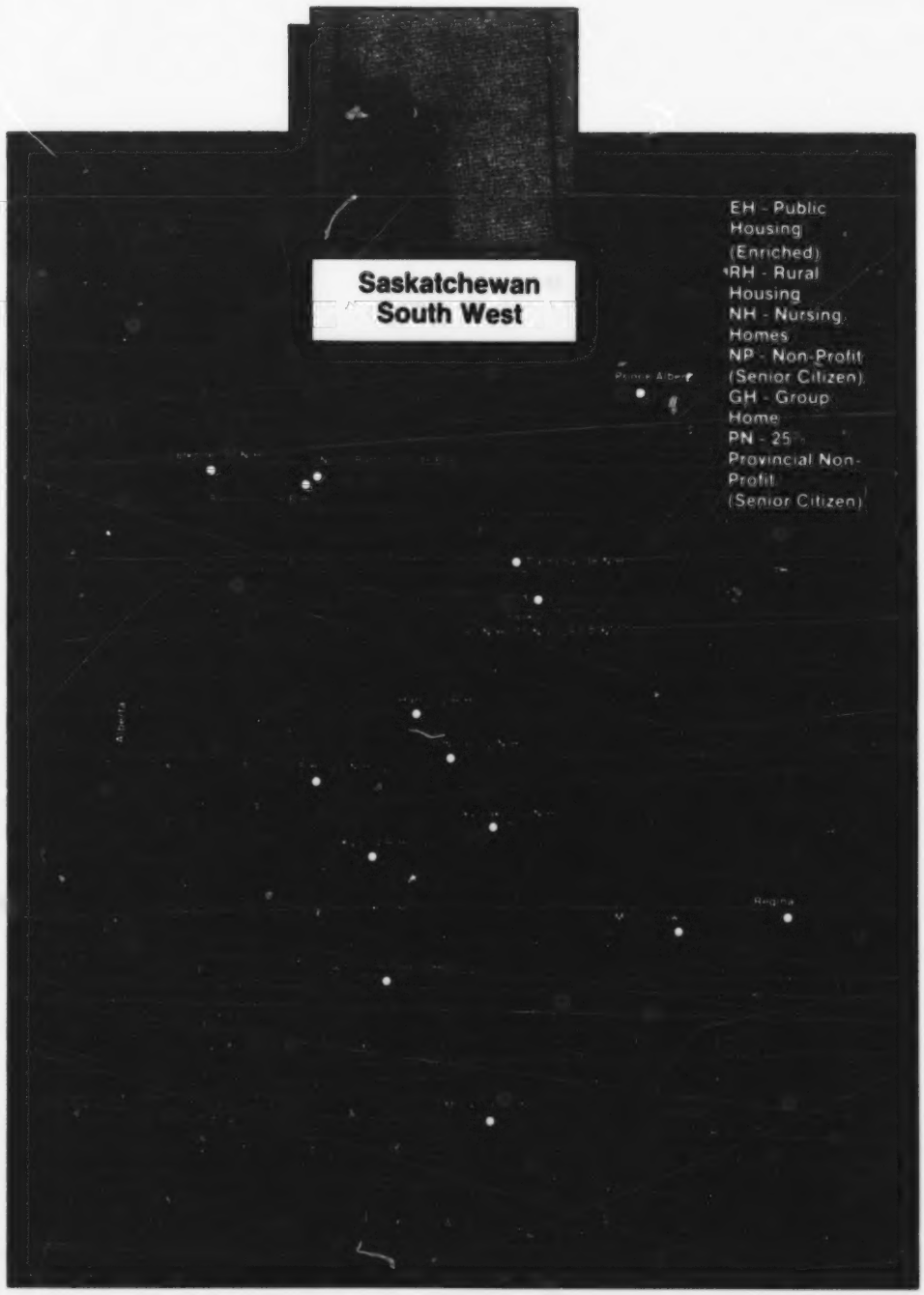
These administrative efficiencies have allowed staff to provide more personal service to seniors who experience difficulties. In addition to full service offices in Prince Albert, Saskatoon and Regina, the introduction of toll free telephone lines has enabled seniors to contact the Corporation with any questions or concerns. During periods of peak activity, these telephones have received over 400 calls a day.

### *Home Modification for the Disabled Program*

Activity under this program increased from previous years with a total of 157 grants approved, totalling $238,937. Increased contact with the public through our toll free number and regional offices accounts for this high level of activity.

This grant may also be combined with other Home Repair Programs when circumstances warrant. Corporation personnel review work

## NEW UNITS STARTED IN 1985



being proposed under all programs. If it appears that modifications are being planned to accommodate a disabled person, staff take the initiative to contact the individual to ensure awareness of the program benefits.

### *Residential Rehabilitation Program*

In 1985, 218 loans were approved for a total of $550,940, of which $332,585 was totally forgiven.

### *Rural Rehabilitation Assistance Program*

This program, although federally funded, is delivered by the Corporation in rural areas of the province. In 1985 the Corporation committed 722 loans, totaling $3,696,370, of which over $3,200,000 are fully forgiveable. Beyond the homeowners served by this program, the Corporation also approved over $459,000 to 8 Special Care Homes to make repairs and renovations. Funding for this program is linked to the Department of Health to ensure that the existing inventory of special care beds is not allowed to deteriorate.

### *Land Operations*

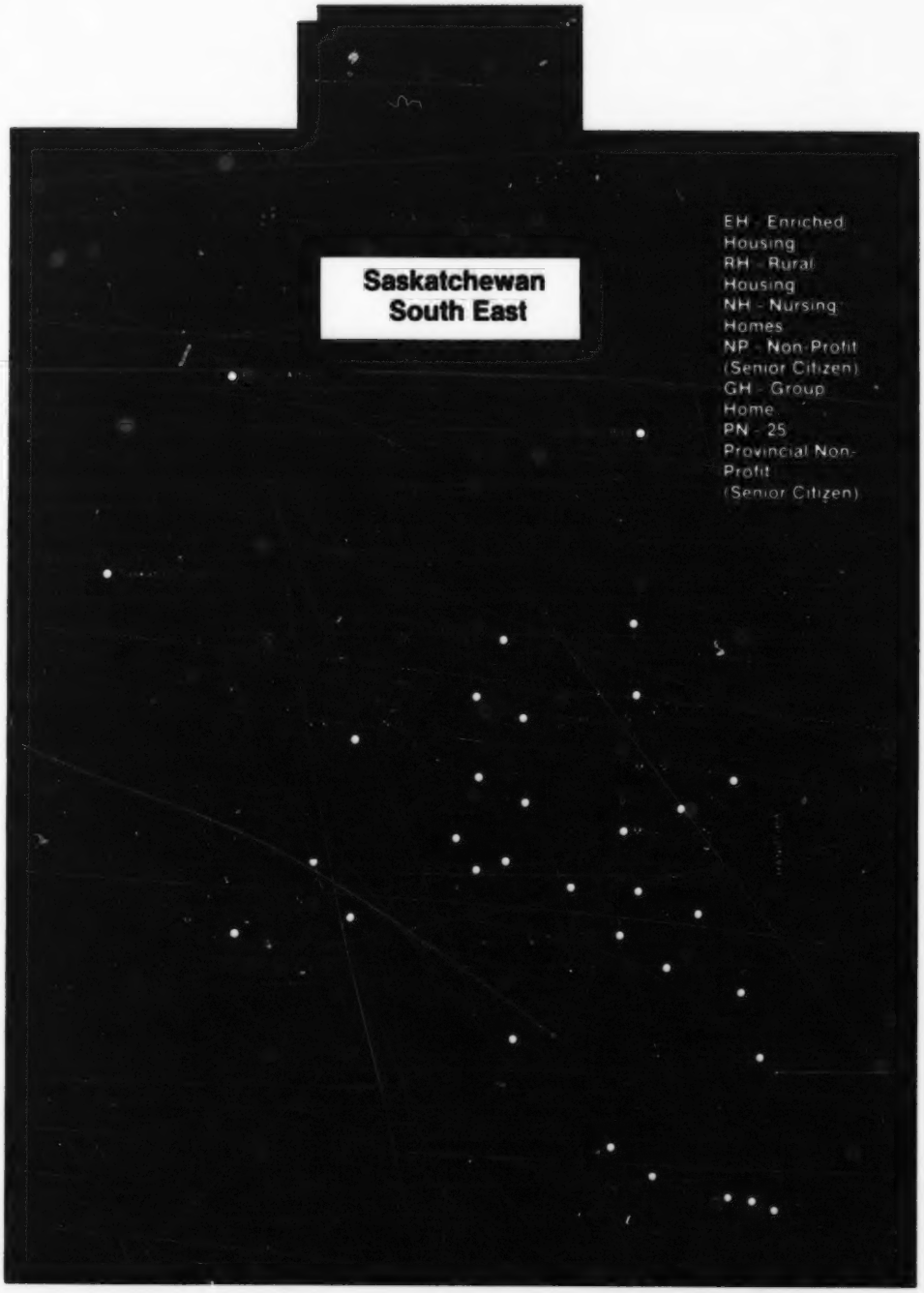
The primary objectives of Land Operations in 1985 were to reduce its substantial land holdings while ensuring that the homebuyers, builders, and municipalities were assured of a reasonable supply of serviced lots, as well as raw land suitable for future development. In this respect, the Corporation proceeded with a pilot project to privatize its Land Holdings in sub-urban Regina. A parcel of land containing sixty-eight lots on ten and one half acres was offered for sale to the private sector. The objective was to lessen government liabilities, where the private sector was prepared to assume risk. As well profits were achieved up-front by the provinciai-municipal partnership. This idea received the support of members of the home building industry, who were consulted throughout. Servicing of the property by the new developer commenced in the fall of 1985. The success of this project will be monitored to assist in evaluating future privatization ventures.

The Corporation pursued its goal of reducing its land holdings throughout Saskatchewan held in association with its municipal partners. These municipalities were provided the opportunity of acquiring the province's interest in land holdings or offering the land for sale to third parties. Any potential sale had to be approved by both the Corporation and the Municipality. Existing agreements were honoured if the municipality did not wish to acquire or sell the property.

The cities of Swift Current and Lloydminister acquired the Corporation's interest in 160 and 130 acres, respectively. These two disposals freed up more than 3 million dollars of Provincial investment for use in other projects.

In 1985, the Corporation maintained a presence in Land Assemblies in 69 communities throughout the Province. A total of 470 lots were sold, generating $7.3 million in sales proceeds.

## NEW UNITS STARTED IN 1985



# CONSTRUCTION ACTIVITY

***DURING*** 1985, the Saskatchewan Housing Corporation continued to provide quality, affordable accommodation for those individuals with the greatest need: low income senior citizens and families or groups with special requirements.

### *Public and Rural Housing*

The Corporation developed an additional 407 public housing units in 1985 in 40 communities; 349 of these units were for senior citizens and 58 were for family rental.

These units were funded under two separate agreements, with varying participation by the federal, provincial and municipal governments. They provided affordable rental accommodation to the elderly or disabled who require specially designed units to maintain an independent life style.

Rental payments for these units do not exceed 25% of the resident's gross income.

### *Special Care Homes*

The Saskatchewan Housing Corporation continues to provide technical and administrative assistance to non-profit groups authorized by the Department of Health to construct a special care home in their community.

In 1985, the Corporation was involved in the delivery of 565 special care beds throughout the province; 363 of these were new beds, 54 were additions to existing facilities and 148 were replacement beds.

These projects were funded by the province and non-profit groups. The Federal Government provides an interest write-down subsidy.

### *20% Grant Program for Non-Profit Organizations*

Under this program, the Saskatchewan Housing Corporation supplies a 20% capital grant to a non-profit sponsor. The sponsor must be willing to undertake the long-term administration of a project and provide the equivalent of 8% of the capital cost of the project. Participation by the federal government provides an "interest write-down" subsidy equivalent to the provision of a 2% interest rate mortgage.

In 1985, the Corporation targeted this program to supply low rental accommodations for senior citizens. Acceptance into the program by non-profit groups is dependent upon the group's ability to undertake the long-term management of a housing project.

Saskatoon Mennonite Care Service Ltd. of Saskatoon was assisted with 70 seniors units under this program in 1985.

### *25% Grant Program*

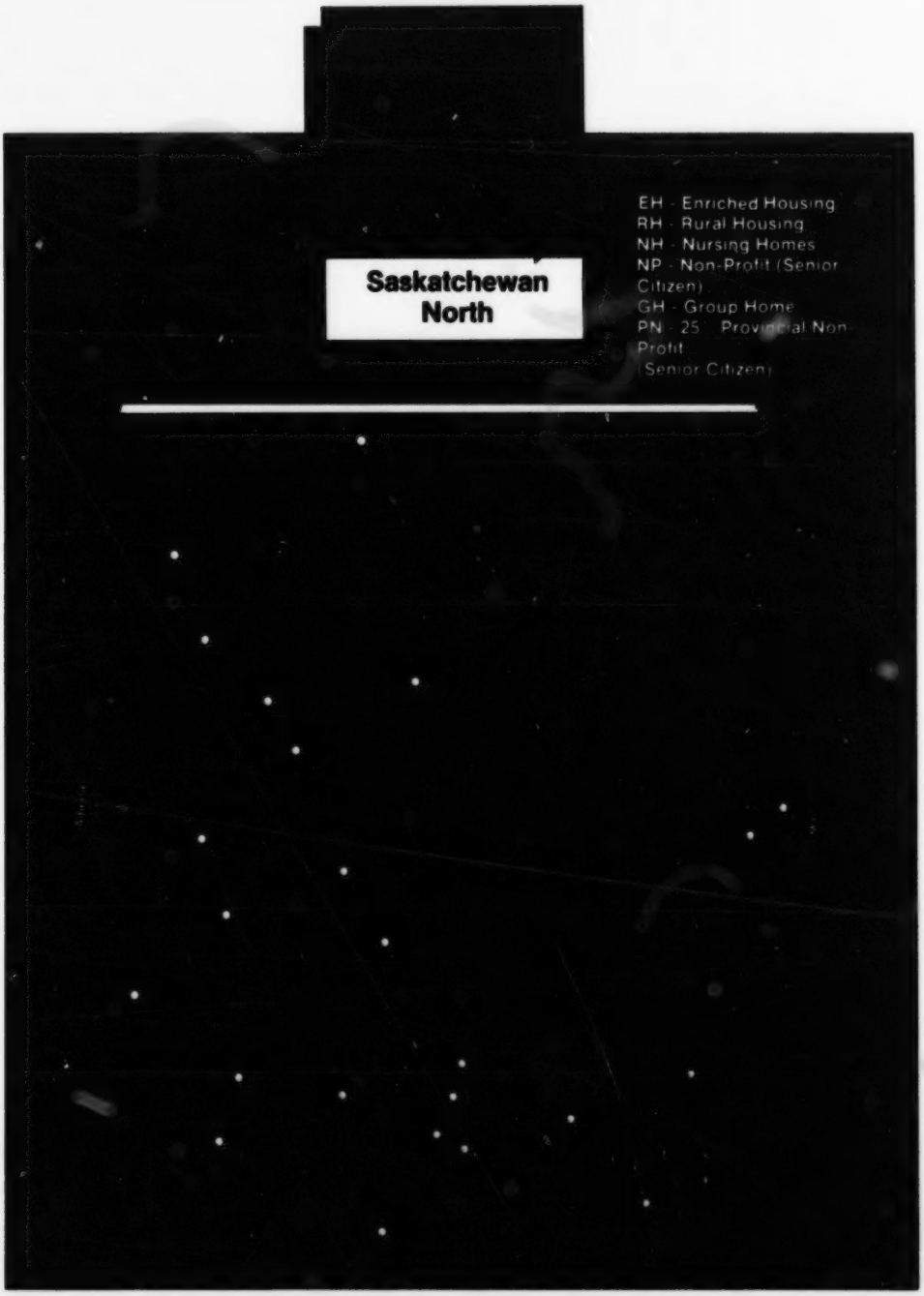
In 1985, the Saskatchewan Housing Corporation introduced a 25% Grant Program to assist private non-profit groups with the financing and construction of 309 self-contained seniors units.

Each group was required to contribute a minimum of 20% equity and the Saskatchewan Housing Corporation agreed to guarantee the mortgage up to 55% of total costs.

The grants were awarded to four organizations:

St. Basil's - Regina - 49 units
Circle Drive Alliance - Saskatoon - 100 units
St. Volodymr's - Saskatoon - 100 units
St. Ann's - Saskatoon - 60 units

## NEW UNITS STARTED IN 1985



# I N N O V A T I O N

*THE* direction which Saskatchewan Housing Corporation has taken in recent years, establishes it as a leader in innovative housing concepts. Forward planning continues to be an essential part of program development. Discussions between various client groups, sponsor organizations, other public agencies and the Corporation help to determine future housing design and programs.

Conceptual plans of enriched housing and elder suites were discussed at length during the Seniors Forum II. The goal of these forums is to provide options that will accommodate the varied needs of senior citizens. Seniors who are appointed to the Saskatchewan Housing Corporation Board of Directors and Local Housing Authorities, provide a valuable insight into the decision making process. The Corporation is not solely viewed as a delivery agent, but strives to serve a co-ordination role in program design.

Pilot projects developed by the Corporation reflect the future of housing options. In 1985, as a result of careful planning, elder suites, personal alarm systems and log housing were introduced.

Elder suites are an alternative housing concept for the senior citizen. These units can be semi-attached to an existing home or completely detached from it. The suite is placed on the property of an immediate family member. The senior can enjoy the benefits of family living while maintaining his or her independence. Two prototypes have been constructed for use in Green Lake, Saskatchewan. Each elder suite includes a bedroom, storage space, laundry area and a full bath. These existing units will be used for income stabilized accommodation.

As project development progresses, the experience and expertise gained will be provided to the private sector allowing the construction of equivalent units.

Elder suites have met with an enthusiastic response from the public. The Saskatchewan Housing Corporation hopes to introduce this innovative concept to the southern part of the province in the near future.

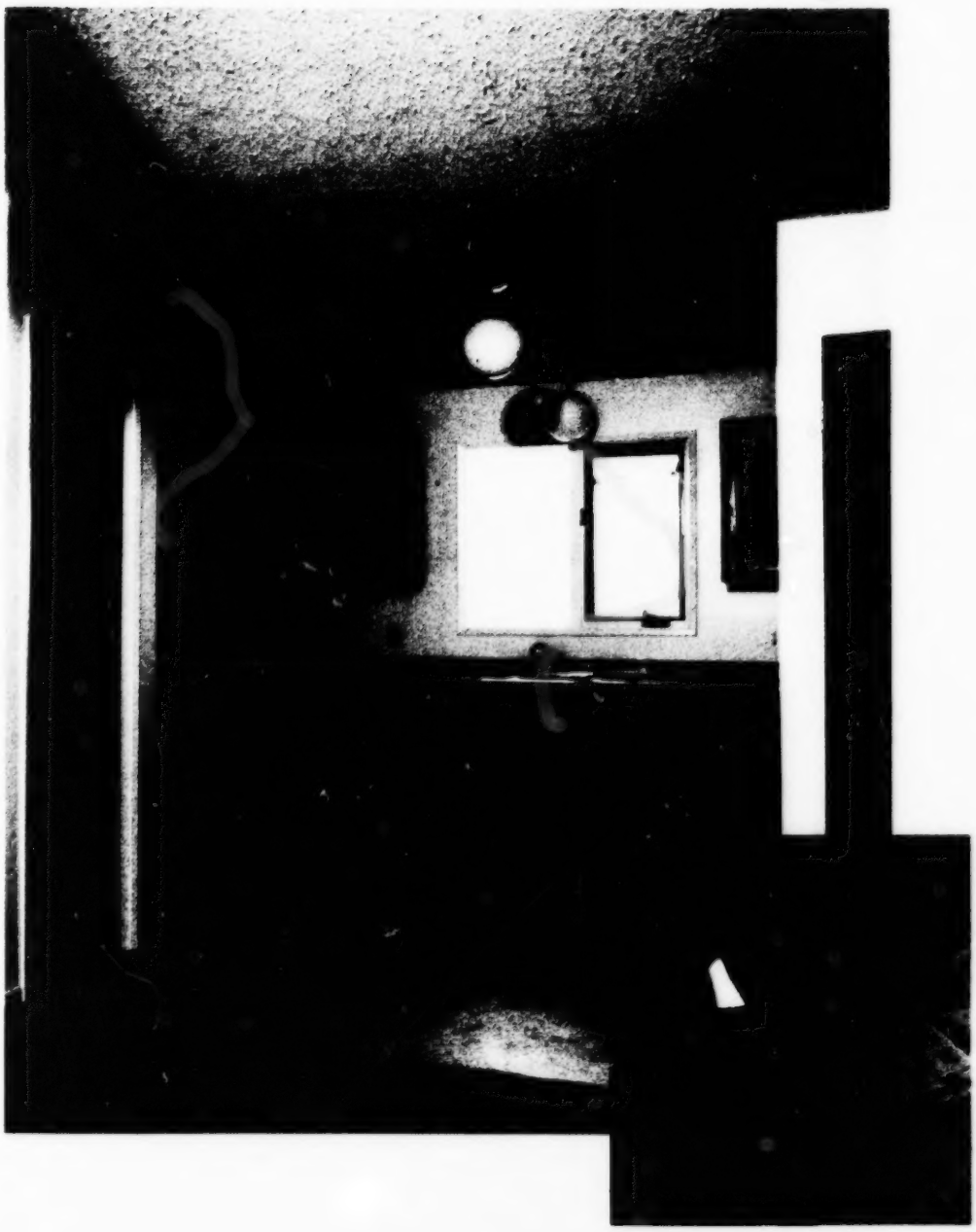
As part of the process of assisting in the development of programs and services for residents living in our enriched housing projects, the Saskatchewan Housing Corporation has introduced a personal alarm systems pilot project.

In recognition of the need to create a secure environment for our seniors, the Corporation is testing a personal alarm system in three enriched housing projects. The purpose of the system is simply to provide an additional mechanism for health support assistance.

The device being tested in the pilot project is worn by the user and when activated can, through the telephone system, summon immediate emergency assistance. With the introduction of the project, the Corporation will continue to provide a safe, secure environment for our seniors allowing them to continue their independent life style.

During 1985, northern requests were brought forward for an alternative form of housing. After extensive discussions with northern people, the Log Housing Program was established. The goal of this program, is to better meet the lifestyle needs of the northerners. The Corporation provided mortgage financing for 10 units in 1985 with the intention of developing the program further in 1986.

With the addition of these and future pilot projects, involving community based development corporations, the Saskatchewan Housing Corporation offers programs appropriate to the needs of Saskatchewan citizens.



# PROPERTY MANAGEMENT

*THE* Saskatchewan Housing Corporation is responsible for the financial and overall management of more than 17,000 housing units. Daily operation of these units is administered by local community Housing Authorities or non-profit corporations.

In 1985, Property Management introduced a number of new initiatives to further strengthen and support all areas of housing management in Saskatchewan. Of major significance was the introduction of Regional Workshops, Energy Conservation Management Seminars, the Accredited Resident Managers Course (ARM) and Public Housing Management Certification Level One. As well, distribution of the "Housing Authority Progress" Newsletter began. "Progress" provides regular communication to all provincial property management agencies.

Between April 1 and June 6, 1985, fourteen workshops were held throughout the province. Rural Housing Authorities attended the first thirteen workshops while Urban Housing Authorities attended the final workshop held in Regina. District co-ordinating committees, Social Services Policies and Tenant Selection Policy were among the topics presented to the delegates. These workshops were enthusiastically received by over 600 participants.

Energy Conservation continues to be a concern of the Saskatchewan Housing Corporation. During 1985, seven one-day seminars were held throughout the province. "No cost/ low cost" energy conservation was discussed at length. Consultants assessed various types of housing units; participants were then asked to prepare an energy audit based on their findings. These reports pin-pointed areas where energy savings can be realized on a "No cost/low cost" basis. It is anticipated that with the use of the resulting strategies, along with the active involvement of both the housing authorities and tenants, a marked improvement in energy savings can be realized. The Corporation is confident that the results of these seminars are the first steps in a successful energy conservation program.

The Saskatchewan Housing Corporation, in co-operation with the South Saskatchewan Chapter IREM Division of the Real Estate Institute of Saskatchewan, sponsored the educational course "Successful On-Site Management". This course is required for the Accredited Resident Manager designation.

The Corporation has adopted a policy of requiring a certain level of accreditation dependent on the number of units managed. In future, property managers overseeing a portfolio of units will have an ARM designation and 150 units will require a Certified Property Manager (CPM) designation.

Separate courses were attended in Regina and Saskatoon. The course content varied from security, marketing and insurance to maintenance, regulations and management techniques.

To target material more specifically to public housing managers, the ARM course was expanded to include a public housing component. As a result, the Corporation is pleased to award certificates of Public Housing Administration Level One to successful participants.

With operating budgets totalling over $104 million, the professionalism that these managers exhibit will be a valuable asset in the administration of the portfolios in their communities.

# FINANCIAL STATEMENTS

## *Management's Responsibility for Financial Statements*

These financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the disclosed basis of accounting as described in the notes. The statements necessarily include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality. Other financial information in the Annual Report is consistent with that provided in the statements.

The Corporation's accounting system and related system of internal controls are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, and financial records are properly maintained to provide reliable information for use in the preparation of financial statements.

These financial statements have been approved by the Board of Directors and examined by the Corporation's external auditor, whose report is set out below.

Calder Hart
President

Larry Boys
Chief Financial Officer

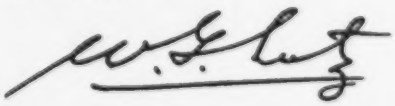
## *Auditor's Report on the Financial Statements*

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the consolidated balance sheet of the Saskatchewan Housing Corporation as at December 31, 1985, and the consolidated statements of accumulated operating surplus, operations and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1985, and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
April 11, 1986.



W.G. Lutz, F.C.A.,
Provincial Auditor.

# CONSOLIDATED BALANCE SHEET

As at December 31
(thousands)

| *Assets* | 1985 | 1984 |
|---|---|---|
| Cash and Short Term Investments, At cost (approximates market value) | $ 44,688 | $ 26,636 |
| Accounts Receivable | $ 14,210 | $ 21,358 |
| Grants Receivable—Province of Saskatchewan (Note 6) | $ 2,395 | $ — |
| Mortgages and Loans (Note 14) | $ 47,263 | $ 65,008 |
| Land Inventory, Net of Accumulated Provision for Loss - $6,227; 1984 -$6,345 (Notes 1,2 & 10 (b)) | | |
| Developed and Under Development | $ 18,983 | $ 23,234 |
| Held for Future Development | 17,946 | 20,077 |
| | $ 36,929 | $ 43,311 |
| Investment in Housing Projects (Notes 1, 2 & 3) | | |
| Under Construction | $ 4,212 | $ 7,562 |
| Completed | 226,500 | 218,600 |
| | $230,712 | $226,162 |
| | $376,197 | $382,475 |
| ***Liabilities and Province's Equity*** | | |
| Liabilities: | | |
| Accounts Payable and Accruals (Note 17) | $ 24,569 | $ 32,655 |
| Accumulated Capital Provisions (Note 1) | 4,612 | 3,138 |
| Land Assembly Holding Account (Notes 1 & 4) | 3,921 | 4,164 |
| Long Term Debt (Note 7) | 319,932 | 320,023 |
| | $353,034 | $359,980 |
| Unexpended Grants — Province of Saskatchewan (Note 6) | $ — | $ 2,444 |
| Province's Equity: | | |
| Accumulated Operating Surplus | $ 5,500 | $ 1,486 |
| Contributed Surplus (Note 5) | 17,663 | 18,565 |
| | $ 23,163 | $ 20,051 |
| | $376,197 | $382,475 |

## *Consolidated Statement of Accumulated Operating Surplus*

For the year ended December 31
(thousands)

| | 1985 | 1984 |
|---|---|---|
| Balance, Beginning of Year | $ 1,486 | $ 18,744 |
| Net Income | 5,344 | 1,486 |
| | $ 6,830 | $ 20,230 |
| Transfer to Consolidated Fund, Province of Saskatchewan (Note 13) | (1,330) | (18,744) |
| Balance, End of Year | $ 5,500 | $ 1,486 |

See accompanying notes.

# CONSOLIDATED STATEMENT OF OPERATIONS

| For the Year Ended December 31 (thousands) | TOTAL | | CORPORATE | |
|---|---|---|---|---|
| | 1985 | 1984 | 1985 | 1984 |
| ***Revenues*** | | | | |
| Sales | $ 10,843 | $ 10,719 | $ — | $ — |
| Rents and Other Income | 17,719 | 14,360 | 1,398 | 857 |
| Interest Income (Note 8) | 10,466 | 12,527 | 8,084 | 10,788 |
| Federal Interest Reduction Subsidies (Note 1) | 13,141 | 11,044 | — | — |
| | $ 52,169 | $ 48,650 | $ 9,482 | $ 11,645 |
| ***Expenditures*** | | | | |
| Cost of Sales (Note 10 (a)) | $ 9,880 | $ 12,413 | $ — | $ — |
| Interest Expense (Notes 1 & 9) | 31,969 | 27,091 | 3,284 | 2,628 |
| Maintenance (Note 1) | 5,060 | 4,275 | 425 | 276 |
| Taxes, Insurance and Other | 7,624 | 6,397 | 586 | 416 |
| Amortization | 291 | 279 | — | 7 |
| Administration - Expenses | 10,606 | 11,051 | 8,670 | 9,354 |
| - Recovered or Capitalized | (2,951) | (3,203) | (2,951) | (3,203) |
| Grants (Note 6) | 17,042 | 16,089 | 14,946 | 14,912 |
| | $ 79,521 | $ 74,392 | $ 24,960 | $ 24,390 |
| ***Income (Loss) Before the Following:*** | $ (27,352) | $ (25,742) | $ (15,478) | $ (12,745) |
| Grants from Province of Saskatchewan (Notes 1 & 6) | 33,791 | 32,229 | 20,278 | 20,862 |
| Reduction in Net Realizable Value - Land Inventory (Note 10 (b)) | (777) | (4,633) | — | — |
| Losses Charged to Municipalities | 37 | 490 | — | — |
| Surplus on Land Sales Transferred to Land Assembly Holding Account | (912) | (62) | — | — |
| Capital Cost Recoveries (Overruns) | 200 | (840) | — | — |
| Other Recoveries (Losses) | 357 | 44 | 66 | (95) |
| ***Net Income (Loss)*** | $ 5,344 | $ 1,486 | $ 4,866 | $ 8,022 |

See accompanying notes.

| NON-PROFIT HOUSING | | RURAL HOUSING | | PUBLIC HOUSING | | LAND | |
|---|---|---|---|---|---|---|---|
| 1985 | 1984 | 1985 | 1984 | 1985 | 1984 | 1985 | 1984 |
| $ — | $ — | $ — | $ — | $ — | $ — | $10,843 | $10,719 |
| 11,039 | 8,766 | 342 | 334 | 4,940 | 4,403 | — | — |
| — | — | 2,382 | 1,739 | — | — | — | — |
| 13,141 | 11,044 | — | — | — | — | — | — |
| $ 24,180 | $ 19,810 | $ 2,724 | $ 2,073 | $ 4,940 | $ 4,403 | $ 10,843 | $ 10,719 |
| | | | | | | | |
| $ — | $ — | $ — | $ — | $ — | $ — | $ 9,880 | $ 12,413 |
| 16,789 | 14,035 | 2,769 | 2,781 | 9,127 | 7,647 | — | — |
| 2,372 | 2,238 | 339 | 349 | 1,924 | 1,412 | — | — |
| 3,438 | 2,676 | 378 | 400 | 3,222 | 2,905 | — | — |
| 92 | 69 | 58 | 72 | 141 | 131 | — | — |
| 813 | 728 | 390 | 270 | 733 | 699 | — | — |
| — | — | — | — | — | — | — | — |
| — | — | 2,096 | 1,177 | — | — | — | — |
| $ 23,504 | $ 19,746 | $ 6,030 | $ 5,049 | $ 15,147 | $ 12,794 | $ 9,880 | $ 12,413 |
| | | | | | | | |
| $ 676 | $ 64 | $ (3,306) | $ (2,976) | $ (10,207) | $ (8,391) | $ 963 | $ (1,694) |
| — | — | 3,306 | 2,976 | 10,207 | 8,391 | — | — |
| — | — | — | — | — | — | (777) | (4,633) |
| — | — | — | — | — | — | 37 | 490 |
| — | — | — | — | — | — | (912) | (62) |
| — | (840) | 200 | — | — | — | — | — |
| — | (22) | 105 | 161 | — | — | 188 | — |
| $ 676 | $ (798) | $ 305 | $ 161 | $ — | $ — | $ (503) | $ (5,899) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31
(thousands)

| | 1985 | 1984 |
|---|---|---|
| ***Cash Provided by (Used In):*** | | |
| ***Operating Activities:*** | | |
| Net Income | $ 5,344 | $ 1,486 |
| Charges to Operations Not Requiring Cash: | | |
| Cost of Land Sales Net of Losses Charged to Municipalities | 9,843 | 11,923 |
| Reduction of Land Inventory to Net Realizable Value | 777 | 4,633 |
| Surplus on Land Sales Transferred to Land Assembly Holding Account | 912 | 62 |
| Provision for Capital Replacement | 1,681 | 1,475 |
| Amortization | 291 | 279 |
| Other Losses | 19 | 124 |
| Payment of Accumulated Operating Surplus to Consolidated Fund, Province of Saskatchewan | (5,430) | (14,644) |
| Allocations and Payouts to Muncipalities from Land Assembly Holding Account | (1,143) | (1,660) |
| Increase in non-cash operating working capital | (158) | (4,356) |
| | $ 12,136 | $ (678) |
| ***Investment Activities:*** | | |
| Reduction of Mortgages and Loans | $ 17,726 | $ 15,405 |
| Investment in Housing Projects | (7,267) | (27,036) |
| Investment in Land Inventory | (4,690) | (5,971) |
| Capital Replacements - Non-Profit Housing | (207) | (219) |
| Proceeds from Sale of Staff Housing Units | 663 | 256 |
| Transfer of Staff Housing Sale Proceeds to Consolidated Fund, Province of Saskatchewan | (256) | — |
| | $ 5,969 | $ (17,565) |
| ***Financing Activities:*** | | |
| Advances from Consolidated Fund, Province of Saskatchewan | $ — | $ 9,391 |
| Repayments of Long Term Debt | (53) | (132) |
| | $ (53) | $ 9,259 |
| Net Increase (Decrease) in Cash During the Year | $ 18,052 | $ (8,984) |
| Cash and Short Term Investments, Beginning of Year | 26,636 | 35,620 |
| Cash and Short Term Investments, End of Year | $ 44,688 | $ 26,636 |

See accompanying notes.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1985

## *Note 1*
## *Significant Accounting Policies*

### *A. Basis of Consolidation*

The consolidated financial statements include the accounts of Saskatchewan Housing Corporation and the Corporation's proportionate share of the net assets and revenues and expenditures of the joint venture projects in which it participates, as described in Note 2.

### *B. Segmented Information*

The Consolidated Statement of Operations reflects revenues and expenditures of the Corporation according to major program areas.

The Corporate segment includes non-allocated revenues and expenditures consisting primarily of interest (Notes 8 and 9), Staff Housing rental operations, corporate administration costs, and grants and subsidies paid but not included in other segments (Note 6). Certain allocations of administration costs have been made to the Housing segments where permitted under operating agreements with Canada Mortgage and Housing Corporation.

Interest is allocated to Public and Rural Housing projects based on rates established at project commitment date. These rates approximate market rates at the time, which are generally higher than the rates the Corporation pays on funds borrowed. For Non-Profit Housing projects, interest is allocated based on the Corporation's weighted average cost of funds borrowed during the construction period for each project.

### *C. Grants from the Province of Saskatchewan*

The Corporation receives the following operating and program grants from the Consolidated Fund of the Province of Saskatchewan pursuant to the provisions of Section 36 of the Saskatchewan Housing Corporation Act:

#### *Public Housing*

These are related to Public Housing projects constructed for rent to low and moderate income tenants. The rents charged are dependent on tenants' income and do not necessarily cover the operating costs and debt retirement requirement of the project. Amounts reflected in the Consolidated Statement of Operations represent the Corporation's recovery of its share of project deficits and principal and interest amortization.

#### *Rural Housing*

These are similar to Public Housing in cases where the housing units are rented. Where the units are mortgaged, the subsidy reduces the required individual mortgage payments to a percentage of the mortgagor's income.

#### *Other Grants and Operations*

These include recoveries of third party grants and an operating grant intended to cover the Corporation's net administration costs and net rental operations from Staff Housing. Third party grants are accounted for on a cash basis with the exception of Urban-Native.

For the purpose of revenue recognition, grants from the Province of Saskatchewan are shown equal to related program expenditures or deficits as applicable.

### D. *Investment in Housing Projects*

Completed projects are carried at the lower of cost or costs agreed to by Canada Mortgage and Housing Corporation (C.M.H.C.), less accumulated amortization. Major structural renovations not undertaken in conjunction with C.M.H.C. are capitalized to the extent that the costs incurred are determined to be recoverable from the Province. The Corporation capitalizes the following in arriving at the cost of a project:

- Land acquisition costs
- Direct development and construction costs
- Administration costs allocated
- Interest
- Other carrying costs
- Rental operations prior to close out date.

Public and Rural Housing projects are closed out upon substantial completion of construction and determination of final capital costs. Non-Profit Housing projects are closed out in the month in which construction is completed and renting can begin. Amortization is recorded on completed projects and the cost of major structural renovations on the sinking fund basis over periods ranging from twenty-five to fifty years. By this method, amortization is charged to expense in an amount which increases annually and is considered sufficient to amortize the projects fully over their anticipated useful lives.

Certain Rural Housing units are sold with full financing and subsequently carried as Mortgages and Loans. The intent when selling is to recover actual costs; accordingly, sales are not recognized in the Consolidated Statement of Operations.

Rural Housing assets, transferred to the Corporation in 1982 pursuant to Section 4(6) of the Saskatchewan Housing Corporation Act, are recorded at the lower of the originally approved project commitment amortized to October 31, 1982, less cost to complete, or the net book value at that date. Amortization, calculated on the sinking fund basis over periods of up to twenty-five years, is charged to operations to the extent of the Corporation's cash investment in the assets, and the balance is charged against Contributed Surplus.

Staff Housing assets, transferred from the Province's Department of Supply and Services at no cost, are recorded at the lower of estimated construction costs amortized to March 31, 1984 or the net book value at that date. Amortization, recorded on the straight-line basis over periods of up to forty years, is charged against Contributed Surplus. Pursuant to the direction of Treasury Board, net sales proceeds from disposition of Staff Housing units are returned to the Consolidated Fund of the Province of Saskatchewan.

### E. *Land Inventory*

Land is carried at the lower of cost and net realizable value.

The Corporation capitalizes the following in arriving at the cost of land:

- Land acquisition costs
- Direct development costs
- Administration costs allocated
- Interest
- Other carrying costs.

Interest is capitalized on the net investment after deducting any provision for loss.

Sales of land intended for single family residential development are recorded at the earlier of receipt of total proceeds or completion of the first floor joist stage of construction. Other land sales are recorded at the earlier of receipt of total sale proceeds or the date by which all material conditions required of the vendor as specified in the sales agreement have been satisfied, and effective control of the property has passed to the purchaser.

The cost of lot sales is allocated in proportion to total anticipated revenue by project. Adjustments to prior years' cost of lot sales arising from revisions to anticipated revenues are included with the current year's cost of sales.

Land profits are distributed according to various agreements with the Municipalities. The majority of existing agreements provide for the profits to be transferred to a holding account for social or recreational development in the Municipalities, or for other purposes as deemed appropriate by the Corporation. Individual project accounts are subject to release pending determination of final costs, receipt of the last lot sale proceeds, and approval by the Corporation.

Transfers of land for use in housing projects are made at market prices.

### *F. Interest Capitalized*

When capitalizing interest for housing and land projects, the rate is established at project commitment date. These rates approximate market rate at the time, which are generally higher than the rates the Corporation pays on funds borrowed.

### *G. Accumulated Capital Provisions*

In accordance with Section 56.1 of The National Housing Act, the Corporation provides each year for replacement of appliances and for building and site renovations at rates agreed to by the Canada Mortgage and Housing Corporation. These amounts are charged to Maintenance and credited to Accumulated Capital Provisions. Amounts are charged against Accumulated Capital Provisions as actual expenditures are incurred.

### *H. Federal Interest Reduction Subsidies*

These represent amounts provided to the Corporation by the Canada Mortgage and Housing Corporation subject to the terms of an agreement entered into by the Corporation with C.M.H.C. under Section 56.1 of The National Housing Act.

### *I. Fixed Assets*

Purchases of office and specialized equipment are charged to operations in the year of purchase and gross proceeds on any disposal are recorded as revenue.

## *Note 2*
## *Joint Ventures*

### *Public Housing*

Public Housing projects are constructed and operated under terms of joint venture agreements with Canada Mortgage and Housing Corporation and Municipalities. The Corporation's participation in these joint ventures is twenty percent in most instances and includes the following items in the Consolidated Balance Sheet:

| *Assets* | 1985 | 1984 |
|---|---|---|
| | (thousands) | |
| Accounts Receivable (Payable) | | |
| - Housing Authorities | $ 605 | $ (85) |
| Investment in Housing Projects | | |
| - Completed | 79,884 | 71,790 |
| - Under Construction | 2,483 | 6,134 |

### *Rural Housing*

Rural Housing projects are constructed under terms of joint venture agreements with Canada Mortgage and Housing Corporation. The Corporation's participation in these joint ventures is twenty-five percent and includes the following items in the Consolidated Balance Sheet:

| *Assets* | 1985 | 1984 |
|---|---|---|
| | (thousands) | |
| Investment in Housing Projects | | |
| - Completed | $13,259 | $12,939 |
| - Under Construction | 343 | 1,053 |
| Mortgages and Loans | 17,983 | 15,706 |

### *Land Assembly*

Land Assembly projects are developed under terms of joint venture agreements with various Municipalities. Development costs are shared ninety-five percent by the Corporation and five percent by the Municipalities. The Municipalities' equity of $1,487,000 (1984 - $1,423,000) is included in Accounts Payable and Accruals.

## *Note 3*
## *Investment in Housing Projects - Completed*

The Corporation's investment in completed housing projects as at December 31 was as follows:

| | | 1985 | | 1984 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| | | (thousands) | | |
| Public Housing | $ 80,916 | $ 1,032 | $ 79,884 | $ 71,790 |
| Non-Profit Housing | 124,140 | 280 | 123,860 | 123,491 |
| Rural Housing and Other | 14,029 | 514 | 13,515 | 13,295 |
| Staff Housing | 9,952 | 711 | 9,241 | 10,024 |
| | $229,037 | $ 2,537 | $226,500 | $218,600 |

*Note 4*
*Land Assembly Holding Account*

| | 1985 | 1984 |
|---|---|---|
| | (thousands) | |
| Balance, January 1 | $4,164 | $5,774 |
| Add: Surplus on Land Sales | 912 | 62 |
| Internal Transfers | (12) | (12) |
| | $5,064 | $5,824 |
| Deduct: Allocations and Payouts to Municipalities | 1,143 | 1,660 |
| Balance, December 31 | $3,921 | $4,164 |

*Note 5*
*Contributed Surplus*

| | 1985 | 1984 |
|---|---|---|
| | (thousands) | |
| Balance, January 1 | $18,565 | $ 8,905 |
| Add: Assumption of Staff Housing Assets Transferred from the Department of Supply and Services, Province of Saskatchewan | — | 10,454 |
| | $18,565 | $19,359 |
| Deduct: Amortization (Note 1) | (525) | (432) |
| Write-offs and Adjustments (Net) | (377) | (362) |
| Balance, December 31 | $17,663 | $18,565 |

*Note 6*
*Grants Receivable - Province of Saskatchewan*
(thousands)

| Description | Balance January 1 | Received from Consolidated Fund | Reflected as Revenues in Consolidated Statement of Operations | Applied to Capital Projects | Balance December 31 |
|---|---|---|---|---|---|
| Public Housing | $ 260 | $ 9,620 | $10,207 | $ — | $ 847 |
| Rural Housing | $ 365 | $ 3,106 | $ 3,306 | $ — | $ 565 |
| Administration and Other | | | | | |
| Administration | $ (2,860) | $ 2,969 | $ 5,332 | $ — | $ (497) |
| Other | | | | | |
| Senior Citizens Home Repair Assistance | $ 422 | $ 8,248 | $ 9,780 | $ — | $ 1,954 |
| Non-Profit Sponsors of Moderately Priced Senior Citizens Accommodation | (206) | 726 | 926 | — | (6) |
| Residential Rehabilitation Loan Forgiveness | (6) | 1,004 | 1,081 | — | 71 |
| Co-operative Housing | 23 | 374 | 229 | — | (122) |
| Non-Profit Sponsors of Moderately Priced Accommodation (Urban-Native) | 646 | 2,939 | 2,490 | — | 197 |
| Farm Housing | 32 | 170 | 154 | — | 16 |
| Home Modification for the Handicapped | (65) | 296 | 273 | — | (88) |
| Build-A-Home | (538) | (500) | 13 | — | (25) |
| Other | (517) | — | — | — | (517) |
| Total Other | $ (209) | $13,257 | $14,946 | $ — | $ 1,480 |
| Total Administration and Other | $ (3,069) | $16,226 | $20,278 | — | $ 983 |
| **Grand Total — 1985** | $ (2,444) | $28,952 | $33,791 | $ — | $ 2,395 |
| **Grand Total — 1984** | $ 387 | $35,960 | $32,229 | $ 900 | $ (2,444) |

*Note 7*
*Long Term Debt*
*Advances - Consolidated Fund, Province of Saskatchewan*
(thousands)

| Interest Rate | Year Repayable | Amount | Interest Rate | Year Repayable | Amount |
|---|---|---|---|---|---|
| 8.21% | 1995 | $ 5,197 | 9.98% | 1999 | $ 6,648 |
| 8.65% | 1995 | 6,541 | 10.22% | 1999 | 6,258 |
| 8.96% | 1995 | 7,998 | 10.68% | 1999 | 4,000 |
| 9.04% | 1996 | 7,899 | 11.50% | 1999 | 4,667 |
| 9.00% | 1996 | 5,000 | 11.24% | 2000 | 1,233 |
| 8.97% | 1996 | 6,032 | 12.74% | 2000 | 9,329 |
| 9.25% | 1996 | 5,141 | 11.61% | 2000 | 6,661 |
| 9.22% | 1996 | 3,202 | 12.55% | 2000 | 6,752 |
| 9.02% | 1997 | 2,393 | 12.50% | 2000 | 926 |
| 8.83% | 1997 | 4,082 | 13.09% | 2000 | 6,986 |
| 9.22% | 1997 | 4,000 | 13.13% | 2001 | 7,204 |
| 9.06% | 1997 | 6,399 | 13.66% | 2001 | 5,871 |
| 9.18% | 1997 | 4,694 | 15.69% | 2001 | 14,421 |
| 9.00% | 1997 | 5,972 | 17.00% | 2001 | 7,611 |
| 8.99% | 1997 | 2,765 | 17.51% | 2001 | 6,968 |
| 8.77% | 1997 | 4,671 | 16.10% | 2002 | 6,776 |
| 8.88% | 1997 | 4,894 | 15.12% | 2002 | 8,732 |
| 8.98% | 1997 | 3,537 | 15.25% | 2002 | 17,225 |
| 8.98% | 1998 | 1,542 | 14.96% | 2002 | 17,511 |
| 9.37% | 1998 | 6,526 | 15.54% | 2002 | 8,972 |
| 9.46% | 1998 | 7,168 | 14.16% | 2002 | 3,203 |
| 9.49% | 1998 | 5,794 | 13.43% | 2002 | 9,444 |
| 10.26% | 1999 | 4,000 | 12.01% | 2002 | 4,823 |
| 10.02% | 1999 | 2,427 | 12.14% | 2003 | 4,556 |
| 10.02% | 1999 | 7,578 | 12.16% | 2003 | 5,684 |
| | | | 12.96% | 2004 | 9,391 |
| | | | | | $317,304 |

| | |
|---|---|
| Canada Mortgage and Housing Corporation - Land Assembly | |
| Loans 9.625% - 10.75%, due 1986 - 2011 ..... | 2,666 |
| Less: Long term debt due within one year ..... | (38) |
| | $319,932 |

Debt repayment on the Canada Mortgage and Housing Corporation liability, which is secured by land assembly projects, will be related to future lot sales.

### *Note 8*
### *Interest Income*

| | 1985 | 1984 |
|---|---|---|
| | (thousands) | |
| Rural Housing: | | |
| Mortgages | $ 2,382 | $ 1,739 |
| Corporate: | | |
| Co-operative Housing Mortgages | $ 3,090 | $ 5,041 |
| Short Term Investments | 2,900 | 3,575 |
| Farm Housing Mortgages | 1,160 | 1,272 |
| Other Mortgages and Loans | 934 | 900 |
| | $ 8,084 | $10,788 |
| | $10,466 | $12,527 |

### *Note 9*
### *Interest Expense*

| | 1985 | 1984 |
|---|---|---|
| | (thousands) | |
| Interest Incurred | $38,241 | $37,395 |
| Less: Interest Capitalized | (5,177) | (8,859) |
| Interest Recovered | (1,095) | (1,445) |
| | $31,969 | $27,091 |

### *Note 10*
### *Charges to Operations - Land Segment*

Charges to income in the current year include the following:

(a) An adjustment related to previous years' sales in the amount of $630,000 (1984 - $1,185,000) which resulted from downward revisions to anticipated total project revenues.

(b) A reduction in the carrying value of the land inventory at December 31, 1985 in the amount of $777,000 (1984 - $4,633,000) to reflect diminished net realizable value.

### *Note 11*
### *Commitments*

The Corporation had the following commitments as at December 31, 1985:

(a) Construction expenditures of $19,000,000.
(b) Land Development expenditures of $2,700,000.
(c) Senior Citizens Home Repair Assistance grants of $2,400,000
(d) Non-Profit Senior Citizens Accommodation grants approximating $3,600,000.
(e) Lease payments over the next five years in the following annual minimum amounts:

| | | |
|---|---|---|
| 1986 | - | $691,000 |
| 1987 | - | 642,000 |
| 1988 | - | 610,000 |
| 1989 | - | 591,000 |
| 1990 | - | 550,000 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### *Note 12*
### *Contingencies*

The Corporation is involved in various litigation and claims associated with normal operations. Management believes that any resulting settlements would not have a significant adverse affect on the Consolidated Financial Statements of the Corporation.

### *Note 13*
### *Transfer to Consolidated Fund, Province of Saskatchewan*

During 1985 the Corporation's Board of Directors authorized the transfer of $1,330,000 of Accumulated Operating Surplus to the Consolidated Fund, Province of Saskatchewan. Subsequent to December 31, 1985, the Board approved a further transfer to the Consolidated Fund of up to $5,500,000, which has not been accrued.

### *Note 14*
### *Residential Rehabilitation Loan Forgiveness*

The Corporation administers a program of providing loans to people for repairing their homes. If prescribed conditions are met, all or a portion of the loan is forgiven. The forgivable portion of the loan is reimbursed to the Corporation by the Province. The amount of loans receivable included in the financial statements at the year-end under this program totalled $4,859,000 (1984 - $6,123,000) of which $1,667,000 (1984 - $2,370,000) is eligible to be forgiven.

### *Note 15*
### *Build-A-Home Saskatchewan Grant Forgiveness*

The Corporation has provided assistance in the form of a $3,000 grant to Saskatchewan residents constructing new homes. This grant was paid at the time of occupancy and is forgiven at the rate of $600 per year, provided ownership is retained. At December 31, 1985 approximately $9,577,000 remains to be forgiven (1984 - $13,204,000).

### *Note 16*
### *Comparative Information*

Certain 1984 financial information has been reclassified to conform with the 1985 presentation.

### *Note 17*
### *Related Party Transactions*

Transactions with Saskatchewan's Crown controlled departments, agencies and corporations are conducted at market prices, except that expenditures for the acquisition of certain furniture and furnishings are paid by the Department of Supply and Services.

At December 31, Accounts Payable and Accruals includes an amount of $944,000 (1984 - $4,636,000) payable to the Consolidated Fund, Province of Saskatchewan.

### *Note 18*
### *Remuneration For Directors and Senior Officers*

During the year ended December 31, 1985 seven persons (1984 - six) served on the Corporation's Board of Directors and ten persons (1984 - seven) served as senior officers.

The aggregate remuneration to Directors amounted to $17,000 (1984 - $10,000) and the aggregate remuneration to senior officers was $479,000 (1984 - $411,000).

# BOARD OF DIRECTORS

***Hon. Gordon Dirks***
Chairman
Regina

***Hon. Neal Hardy***
Vice-Chairman
Hudson Bay

***Nancy Kent***
Alternate Chairman
Prince Albert

***Dawn M. Dobni***
Secretary to the Board

*Ross Afseth*
Saskatoon

*David Eberle*
Humboldt

*Jack H. Hansen*
Regina

*Stu Harris*
Saskatoon

*Irene Leason*
Hudson Bay

*James Maher*
North Battleford

## OFFICE LOCATIONS

*Saskatchewan Housing Corporation*
8th Floor, Chestemere Plaza
Regina, Saskatchewan
S4P 3V7
(306) 787-4177

*Saskatchewan Housing Corporation*
2nd Floor, Sturdy Stone Building
122-3rd Avenue North
Saskatoon, Saskatchewan
S7K 2H6
(306) 664-6292

*Saskatchewan Housing Corporation*
10th Floor, McIntosh Mall
800 Central Avenue
Prince Albert, Saskatchewan
S6V 6G1
(306) 922-7540